DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTHCARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 0 8 - 1 2

2. STATE: Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2008

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.200

7. FEDERAL BUDGET IMPACT:
a. FFY 09 $ -0-
b. FFY 10 $ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, page 3a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-B, page 3a

10. SUBJECT OF AMENDMENT:
AFC/HA Personal Care Services reimbursement

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Paul Reinhart

13. TYPED NAME:
Paul Reinhart

14. TITLE:
Director, Medical Services Administration

15. DATE SUBMITTED:

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18 DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)

7. Personal Care Services

Reimbursement is made according to variable rates, depending upon the setting of service delivery, payment levels determined by policy or the legislature, and beneficiary needs.

Basic rates for personal care services provided in a beneficiary's own home, or his/her place of employment, are as established by Medicaid policy. A Medicaid approved case manager performs an assessment of the beneficiary's needs and determines the amount of care required. Tasks are assigned minute values and the minutes are converted to hours and billed as a total (of hours) at the end of the month. The case manager is permitted to authorize services up to a specified level. The Medicaid agency allows designated local agencies to make exceptions to the maximum specified authorization level, with supervisory approval, if a beneficiary's needs are extensive or intensive enough to require more, or more costly services. For cases exceeding the designated local agency's maximum authorization level, decisions are referred to the single state agency to consider the documented need.

For beneficiaries in general, adult foster care facilities or homes for the aged, a flat monthly rate is established annually by the state legislature for those Medicaid eligibles who, according to a standardized assessment, have a documented need for personal care services. There is no specific rate methodology or inflation factor applied during the legislative rate establishment. Beneficiaries whose needs exceed the services available via the flat rate methodology are identified through the standardized assessment and the development of a care plan. This information becomes the basis for decisions on exceptions.

The reimbursement methodology for personal care services for beneficiaries in general adult foster care facilities or homes for the aged will end effective April 1, 2009.

Personal care in specialized foster care facilities is covered under Michigan's 1915(b) waiver for specialty supports and services for people with developmental disabilities, serious mental illness, serious emotional disturbance and substance use disorder. The service is carved out of the state plan benefit and managed by pre-paid inpatient health plans (PIHPs) that are governmental entities receiving a capitation payment for an array of services that includes personal care as well as other state plan and 1915(b)(3) services. PIHPs purchase personal care services from adult foster care providers whose facilities have been certified by the state to provide specialized services. Personal care in specialized residential settings must be medically necessary for the Medicaid beneficiaries who receive it. PIHPs establish a rate for personal care services based on an assessment of the severity of each individual's needs and the amount, scope and duration of the personal care activities and tasks identified during person-centered planning to meet the individual's needs. Medicaid beneficiaries who receive personal care in specialized residential settings have documented needs that are higher than beneficiaries who receive services in general foster care settings.

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

November 25, 2008

Verlon Johnson, Associate Regional Administrator
Division of Medicaid and Children's Health
Centers for Medicare and Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

Dear Ms. Johnson:

In accordance with guidance contained in your letter of October 10, 2008, the Michigan Department of Community Health (MDCH), Medical Services Administration (MSA) submits State Plan amendment (SPA) number 08-12. This amendment will extend the established reimbursement methodology for personal care services provided to eligible Medicaid beneficiaries in general adult foster care facilities or homes for the aged, from October 1, 2008 to April 1, 2009.

As relayed previously, the State has been working with the Centers for Medicare and Medicaid Services (CMS) over the past year to define a reimbursement methodology that meets with CMS approval, is fiscally viable and procedurally possible. Unfortunately we've encountered a number of difficulties which have not only delayed a final design, but also required the State to consider some other, alternative reimbursement methods.

Coverage of and payment for these services is necessary. The State's failure to provide these services in the identified settings will jeopardize some of our most vulnerable beneficiaries' ability to stay in those settings. Transferring the beneficiaries to other facilities will mean a much higher cost to both the State and the Federal governments.

Given the above and our assurance that the State will not request any additional extensions, we believe we have met all the requirements issued by CMS and qualify for a six month extension of the reimbursement methodology sunset date.

We appreciate the assistance we have received from CMS in this endeavor and look forward to our continued collaboration in the resolution of this situation. Should you have any questions regarding this request or the State Plan amendment accompanying this letter, you may contact Nancy Bishop, of my staff, at 517/335-5303.

Sincerely,

Paul Reinhart

Paul Reinhart, Director
Medical Services Administration

Enclosures